



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

April 3, 2000

H.R. 1000 **Wendell H. Ford Aviation Investment** **and Reform Act for the 21st Century**

As cleared by the Congress on March 15, 2000

SUMMARY

H.R. 1000 would reauthorize programs administered by the Federal Aviation Administration (FAA) and make numerous changes to aviation programs and law. The act would provide new contract authority, a mandatory form of budget authority, and authorize appropriations for aviation programs primarily for fiscal years 2000 through 2003. Several provisions would affect direct spending and receipts (revenues); therefore, pay-as-you-go provisions would apply to the act.

H.R. 1000 would provide \$12.7 billion in new contract authority for the airport improvement program (AIP) over the 2000-2003 period. Providing this contract authority would not affect outlays from direct spending because airport improvement program spending is subject to approval in annual appropriation acts. Other provisions would affect direct spending, but CBO estimates that enacting H.R. 1000 would result in direct spending outlays of less than \$500,000 in any year. The Joint Committee on Taxation (JCT) estimates that the revenue loss associated with this legislation would be \$34 million over the 2000-2005 period and \$112 million over the 2000-2010 period.

ESTIMATED IMPACT ON DIRECT SPENDING AND REVENUES

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted. The costs of this legislation fall within budget function 400 (transportation). (The estimated discretionary cost of implementing H.R. 1000 is not presented in this estimate.)

By Fiscal Year, in Millions of Dollars											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CHANGES IN DIRECT SPENDING											
Contract Authority ^a	2,805	3,200	3,300	3,400	0	0	0	0	0	0	0
Estimated Outlays	0	0	0	0	0	0	0	0	0	0	0
CHANGES IN REVENUES											
Estimated Revenues ^b	0	-2	-5	-7	-9	-11	-12	-14	-16	-17	-19

a. Spending of this contract authority is discretionary because it is governed by obligation limitations in annual appropriations acts.
b. Revenue estimates were prepared by the Joint Committee on Taxation.

BASIS OF ESTIMATE

Enacting H.R. 1000 would affect direct spending (including contract authority, a mandatory form of budget authority) and revenues. The changes that this legislation would cause for contract authority, outlays from direct spending authority, and revenues are described below. Estimates are based on information from the Department of Transportation (DOT) and FAA staff, and revenue estimates provided by the Joint Committee on Taxation.

Contract Authority

The act would provide \$12.7 billion in contract authority through fiscal year 2003. This amount includes \$330 million in 1999 contract authority that had previously expired but would become available under section 101. Expenditures from AIP contract authority are governed by obligation limitations contained in annual appropriation acts and thus are categorized as discretionary outlays. Section 107, which would provide for adjustments to AIP funding beginning in fiscal year 2001, is assumed to add no money to the estimate. These annual adjustments would be derived by comparing the amounts authorized for the facilities and equipment program with the amounts provided in appropriation acts for that program. If appropriations are equal to or greater than the authorized amounts, then there would be no adjustment in AIP contract authority. Any adjustment would constitute new direct spending authority because it would be triggered by section 107; however, all spending for AIP—including spending triggered by section 107—would still be subject to obligation limitations established in appropriation acts. Although section 107 could result in additional AIP contract authority of as much as \$8.6 billion over the 2001-2003 period if no

appropriations were provided for facilities and equipment, CBO assumes that appropriations will equal or exceed authorized amounts, and thus no additional contract authority would be triggered.

Direct Spending

Section 404 would amend the Death on the High Seas Act of 1920 to change the potential compensation that relatives could seek for the death of a family member. Based on information from DOT, CBO estimates that it is unlikely that enacting this provision would have a significant impact on the federal budget. The act could affect federal spending if the government becomes either a defendant or a plaintiff in a future civil action related to aviation. Since any additional compensation that might be owed by the federal government under such an action could be paid out of the Claims and Judgments Fund, the provision could affect direct spending. But CBO has no basis for estimating the likelihood or outcome of any such actions.

Section 711 would extend the authorization for the FAA's aviation insurance program through December 31, 2003. This program authorizes DOT to provide insurance to air carriers that are providing service to implement the foreign policy of the United States, when commercial insurance is either unavailable or available only under unreasonable terms. Enacting this provision could cause an increase in direct spending if new claims resulted from extending the insurance program. Historical experience indicates that claims under this program are very rare, although if there is a claim, it may be for a very large amount. Nevertheless, extending the aviation insurance program would probably have no significant impact on the federal budget over the next five years.

Section 719 would prohibit the FAA from charging fees for certain FAA certification services pertaining to particular products manufactured outside the United States. Based on information from the FAA, CBO estimates that the forgone receipts would total about \$1 million a year beginning in fiscal year 2000 and as much as \$4 million a year in future years. Because the FAA has the authority to spend such fees, a reduction in such fee collections would also reduce spending; therefore, we estimate that this provision would have no significant net effect on direct spending over the 2000-2004 period.

Section 740 would allow the Secretary of Defense to sell aircraft and aircraft parts to contractors that can be used to deliver oil dispersants by air to disperse oil spills. Sales would be permitted until September 30, 2002. CBO estimates that any net proceeds from such sales would total less than \$500,000 a year.

Revenues

H.R. 1000 would allow the Secretary of Transportation to authorize airports to charge higher passenger facility fees and would expand a pilot program that provides for the use of federal airport improvement grants to facilitate tax-exempt financing of airport projects. The Joint Committee on Taxation expects that these provisions would result in an increase in tax-exempt financing and a subsequent loss of federal revenue. JCT estimates that the revenue loss would be \$34 million over the 2000-2005 period and \$112 million over the 2000-2010 period.

H.R. 1000 would authorize the FAA to impose new civil penalties on individuals who interfere with the duties and responsibilities of the flight crew or cabin crew of a civil aircraft, or who pose an imminent threat to the safety of the aircraft. The act also would authorize FAA to impose civil penalties on air carriers that discriminate against handicapped individuals, on individuals who violate limitations on construction of landfills near airports, and on violators of whistleblower protection provisions. Based on information from the FAA, CBO estimates that the civil penalties in H.R. 1000 could increase revenues, but that the effect is likely to be less than \$500,000 annually.

H.R. 1000 would impose criminal penalties on individuals who knowingly and willfully serve in the capacity of an airman without an airman's certificate, individuals who employ for service or use in any capacity an airman who does not have an airman's certificate, and individuals who commit fraud involving aircraft or space vehicle parts. Collections of criminal penalties are recorded in the budget as governmental receipts (revenues), which are deposited in the Crime Victims Fund and spent in subsequent years. Any additional collections under this act are likely to be insignificant. Because any increase in direct spending would equal the fines collected (with a lag of one year or more), the additional direct spending also would be insignificant.

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